JUN 4 1956
HAROLD B. WILLEY, Clerk

IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1955.

No. 761.

OLIN MATHIESON CHEMICAL CORPORATION,
a Corporation,
Petitioner,

v.

THE WESTERN STATES CUTLERY AND MANUFACTURING COMPANY, a Corporation; H. REGINALD PLATTS, HARLOW C. PLATTS, DEBBIE C. PLATTS, LOIS M. PLATTS, and MARIAN K. PLATTS, Doing Business Under the Name and Style of WESTERN STATES CUTLERY COMPANY; and WESTERN STATES CUTLERY COMPANY, a Colorado Corporation,
Respondents.

PETITION FOR REHEARING

On Petition for Writ of Certiorari to the United States Court of Appeals for the Tenth Circuit.

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To the Honorable, the Chief Justice and the Associate Justices of the Supreme Court of the United States:

Since the filing of the Petition for the Writ in this case, some circumstances have intervened, and some points of conflict not heretofore called to this Court's attention have

appeared to merit the Court's consideration. Hence, we pray the Court for a rehearing upon the following grounds:

1. That, in principle, the decision of the Tenth Circuit Court of Appeals in this case is in harmony with the dissenting opinion of the minority of this Court in American Airlines, Incorporated, v. North American Airlines, Incorporated, 351 U. S. 79, decided April 23, 1956, and hence is in discord with the majority of this Court with regard to the necessity of proof of actual confused consumer purchases.

2. That on April 17, 1956, there was presented to this Court a petition for the writ in No. 875 (Sun Oil Company v. Esso Standard Oil Company) which urges that the Courts, without finding that the ruling of the Patent Office had no substantial basis in fact, can substitute their own views on the question of "likelihood of confusion" exactly as the lower courts did in the case at bar. The Court of Appeals for the District of Columbia held, contrary to the action of the lower courts in the case at bar, that "such a rule would . . . be quite unworkable, would create confusion, discrimination and uncertainty, and would be outside the permissible scope of judicial review of administrative action."

3. That the Court of Appeals for the Tenth Circuit did not accord proper legal effect to the practice of Respondents' retailers as proved by the uncontradicted testimony of Petitioner's investigators, and its ruling that such practices do not establish likelihood of confusion is in direct conflict with the decision of the Court of Appeals for the Eighth Circuit in J. C. Penney Co. v. H. D. Lee Mercantile Co., 120 F. (2d) 949.

4. That this Court has recognized the "complex and controversial" character of the Trade-Mark Act of

1946; that the discord about its meaning and effect is provoking much litigation which would be avoided if this Court would construe the Act, yet, in spite of the fact that the lower Courts are crying for help from this Court, the segment of the public which is dependent upon the Act has been denied the benefit of this Court's interpretation of any substantive provision of it.

EXPLANATION.

1.

The decision of the Tenth Circuit Court of Appeals in this case deviates from the intent and purpose of the Trade-Mark Act of 1946 upon the difference in legal philosophy which is accented by the majority and dissenting opinions of this Court in American Airlines, Incorporated, v. North American Airlines, Incorporated, No. 410, 351 U. S. 79, decided April 23, 1956. The majority opinion in the Airlines case notes that the Civil Aeronautics Board had:

> "made no findings that the use of the name (North American Airlines) was intentionally deceptive or fraudulent or that the competitor, American Airlines, was injured thereby."

yet concludes that the "findings concerned confusion of the type which can support a violation." The dissenting opinion, on the other hand, treats the matter as if it were *damnum absque injuria*, epitomizing it thus:

> "By analogy—we have here a situation where a few prospective purchasers walked into the wrong store, but never made any purchases there."

In the present case, the Tenth Circuit Court of Appeals (like the majority opinion in the Airlines case) noted:

"There is no evidence in the record warranting a statement that appellee is attempting to deceive the public into believing that knives which are stamped 'Western' by it are the product of the appellant" (p. 24, Appendix A to Petition).

But from that premise the Court of Appeals reasoned (like the dissenting opinion in the Airlines case) that because there was no evidence that anyone had actually **"purchased"** a hunting knife stamped "Western" in the belief that it was a product of Petitioner, there was no "likelihood of confusion."

Thus it appears that the Tenth Circuit Court's view coincides with that of the dissenting opinion in the Airlines case, and hence conflicts with the majority opinion in the Airlines case, while the latter coincides with the Trade-Mark Act of 1946 which proscribes all adverse "use" of a registered trade-mark "in connection with the sale, offering for sale, or advertising of any goods . . . on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods."[1]

To be sure, a different statute was involved in the Airlines case from that which is involved in this case, but the underlying purpose of both statutes is to prevent confusion, mistake and deception. The opposite views represent a clash between the basic philosophies of the law of unfair trade, to wit, the one view[2] that relief should, and the other view[3] that relief should not, be granted in a situation where

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[1] Section 32 (1) of the Trade-Mark Act of 1946, quoted in full in Appendix D, p. 42, of the Petition.

[2] Expressed by the Trade-Mark Act of 1946, Section 411 of the Civil Aeronautics Act, and the majority opinion of this Court in the Airlines case.

[3] Expressed by the dissenting opinion in the Airlines case, and by the Tenth Circuit Court of Appeals.

the prospect of confusion is not shown to have matured to the point of inducing actual **purchases**. In principle, therefore, the view of the Tenth Circuit Court is in **conflict** with the majority opinion of this Court in the Airlines case, and in conflict with the decisions of the Courts of Appeals for the Second, Fourth, Fifth, Sixth, Seventh and Ninth Circuits, all of which have held[4] that actual confused consumer purchases are not necessary to establish a right to relief under the Trade-Mark Act of 1946.

2.

On April 17, 1956, there was filed with this Court a petition for the writ in Sun Oil Company v. Esso Standard Oil Company, No. 875. That case and the case at bar present opposite views on two questions:

(a) How should "likelihood of confusion" be determined "in the absence of evidence of actual confusion"? (See Petition in No. 875, ¶ 1 under "jurisdiction" and ¶ 1 under "Questions Presented");

(b) What effect should be given the decision of the Patent Office tribunals?

In the Sun Oil case the Court of Appeals for the District of Columbia reversed the District Court, which latter, it appears, had erred in the same respect which, we contend, both the District Court and the Court of Appeals in the case at bar erred. In speaking of the effect of the ruling of the Patent office, the District of Columbia Court of Appeals says:

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[4] Admiral Corp. v. Penco, Inc., 203 F. (2d) 517 (C. A. 2); Pure Foods, Inc., v. Minute Maid Corp., 214 F. (2d) 792 (C. A. 5); McCormick & Co., Inc., v. B. Manischewitz Co., 206 F. (2d) 744 (C. A. 6); G. D. Searle & Co. v. Chas. Pfizer & Co., Inc., 231 F. (2d) 316 (C. A. 7); Mershon Co. v. Pachmayr, 220 F. (2d) 879 (C. A. 9); Williams Co. v. Lykene Hosiery Mills (C. A. 4) ... F. (2) ..., 109 U. S. P. Q. 328 (decided May 15, 1956).

"It may perhaps be suggested that the District Judge, after consideration of all the evidence, was entitled to rule that in his own independent judgment there was no likelihood of confusion, and that his determination should prevail unless upon appeal the reviewing court takes a different view and substitutes its own independent judgment about the matter. **Such a rule would,* we think, be quite unworkable, would create confusion, discrimination and uncertainty,** and would be outside the permissible scope of judicial review of administrative action—even where, as here, Congress has authorized an action de novo to review the administrative ruling. Where the decision of the Patent Office has a substantial basis in fact, and where the new evidence offered to the trial court is not sufficient to shift the balance (i. e., is not enough to produce 'thorough conviction' to the contrary), the courts are simply not authorized to substitute their own views. For a judge to conclude that he himself would not be confused by two competing trademarks —and hence that the public would not be confused—is beside the point: the question is whether the expert agency charged with responsibility in the matter has in view of all the evidence clearly erred in finding that the possibility of confusion exists." (Esso Standard Oil Company v. Sun Oil Company, 229 F. [2d] 37, 42.)

That is precisely the situation here, where the District Judge (affirmed by the Court of Appeals) substituted his own independent judgment because he did not agree with the "reasoning" of the Patent Office. In his oral opinion (R. 279) he makes it clear:

"Now, the only thing, as I say, in the whole case that has raised some apprehension in the Court's mind is that finding in the Patent Office in that opposition

* Bold face emphasis supplied throughout.

proceeding when Western in 1932[5] sought to register the name 'Western' and the opposition by the Western Cartridge Company was sustained. I have read that record. It has been introduced here in evidence, and the reasoning of the patent office was that, since the hunting knife was a thing that would be purchased by a hunter or an outdoorsman—I don't recall the exact words—therefore, the fact it was hunters equipment brought it into the field of the products of the Western Cartridge Company.

"I don't agree with that **reasoning**. I feel, if that sort of reasoning were made the test, that you would have to extend the thing into the fields that would make the rule ridiculous * * * So, I think the **reasoning** by which the patent office arrived at the disposition of this opposition is **not sound**.

"I know it is entitled to weight because of their experience, but I think on the face of it that the reasoning was possibly not considered" (pp. 35, 36, Appendix B to Petition).

The only semblance of evidence offered, to rebut the ruling of the Patent Office, was the testimony of four people that they did not know of any confusion—the sort of testimony which the Court of Appeals for the Ninth Circuit in Safeway Stores v. Dunnell, 172 F. (2d) 649, 654, held to be wholly insufficient to overturn a ruling of the Patent Office.

Hence, in addition to being in conflict with Safeway v. Dunnell (Petition, page 18), the decision of the courts

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[5] The hiatus between the decision of the Patent Office and the commencement of this suit in 1950 may suggest laches, but the District Court overruled that defense, saying:

> "I don't think there is any question of laches or anything like that chargeable against the plaintiff" (Opinion, R. 278, page 34, Appendix B to Petition).

Hence, the evidence on the subject (showing that Petitioner did not learn of Respondents' commercial use of the mark until 1947) was omitted from the Record printed for the Court of Appeals.

below is in conflict with the Court of Appeals for the District of Columbia in the Esso v. Sun case, supra.

3.

In ruling that evidence, obtained by Petitioner's paid investigators, did not establish "likelihood of confusion," the decision of the Tenth Circuit Court of Appeals is in **direct conflict** with the ruling of the Court of Appeals for the Eighth Circuit in J. C. Penney Co. v. H. D. Lee Mercantile Co., 120 F. (2d) 949. As pointed out by the Court below (p. 25, Appendix A to Petition), the evidence showed a practice among Respondents' retailers that:

> "the clerk would get out a knife marked with appellee's trade-name and hand it to the investigator with the statement that it was a good knife and that it was **made by Western Cartridge Company.**"

The evidence of this was uncontradicted, yet the Court did not accord that evidence the legal effect[6] to which it was entitled, and which the Eighth Circuit accorded the same type of evidence in the Penney case. In the Penney case, there was testimony by a witness for the plaintiff that he looked at some overalls in Chattanooga and inquired, "Did Lee make these?" (p. 957, 120 F. [2d]), whereupon the clerk gave an evasive answer but left the impression on the witness that the overalls were made by the plaintiff; and in addition, there was testimony that one of plaintiff's witnesses went into four stores wearing a pair of the plaintiff's overalls, and, upon request for overalls like those he was wearing, had been shown defendant's garment, without any explanation that it was not the

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[6] The very existence of the practice necessarily meant either:

(a) That the clerks themselves were confused; or

(b) That they were taking advantage of the "Western" mark to palm off Respondents' knives as having been made by Petitioner.

plaintiff's product. While, in that case, no retailer seems to have gone so far as to say (as in the case at bar) that the defendant's product was made by the plaintiff, it appears that there, too, the witnesses were paid investigators because the Court noted that:

> "These purchases all appear to have been **inspired by plaintiff**, rather than to have constituted sales to the consuming public, but this fact is not controlling in determining whether defendant was engaging in the practice of palming off its garment as a Lee overall, if a suitable occasion and an apparent necessity presented themselves to do so. S. S. Kresge Co. v. Winget Kickernick Co., 8 Cir., 96 F. 2d 978, 987. * * * It is to be borne in mind always that the test for the issuance of an injunction, to protect against deception in the field of unfair competition, is not simply whether casual purchasers have actually been deceived, but, equally, whether the situation shown is such that, if permitted to continue, it will probably lead to deception on the part of the consuming public, with resulting damages to the plaintiff. S. S. Kresge Co. v. Winget Kickernick Co., supra; Fuller v. Huff, 2 Cir., 104 F. 141; Ralston Purina Co. v. Checker Food Products Co., Mo. App., 80 S. W. 2d 717. This rule has application, as much to acts of palming off, as to deception by general simulation (p. 957). * * * The instances of palming off proved were **not instances of actual customer deception.** Including the incident at Chattanooga, they were manifestly **transactions designed to furnish evidence for plaintiff.** They were sufficient to entitle plaintiff to an injunction, so that probable deception of actual customers would not occur" (p. 958).

Yet the Tenth Circuit Court of Appeals ruled that comparable (if not stronger) evidence, similarly obtained:

"was not sufficient to establish the likelihood of confusion in the minds of the buying public" (p. 25, Appendix A to Petition).

Thus the **conflict** with the Penney case is one of law, not fact. Even if unlikelihood of confusion had been found as a fact (which it was not) such finding would not be binding:

> "In considering whether or not the district court erred in finding that no likelihood of confusion existed, this court is not bound (although defendants contend otherwise) by Rule 52 (a) of the Federal Rules of Civil Procedure, 28 U. S. C. In disturbing a district court's findings of basic facts, this court is guided by the 'clearly erroneous' provision of Rule 52 (a). But Rule 52 (a) is not applicable where, as here, the dispute is not as to the basic facts, but as to what inference (i. e., ultimate fact) should reasonably be derived from the basic facts. This court, by examining the basic facts found by the district court, can determine, as advantageously as the district court can, whether or not an inference of likelihood of confusion is warranted" (Sears, Roebuck and Co. v. Johnson, 219 F. (2d) 590, 591).

4.

In Steele v. Bulova Watch Co., Inc., 344 U. S. 280, 283, this Court observed that the Trade-Mark Act of 1946 was a "complex and controversial" one. That there has been an extraordinary degree of discord about the meaning and effect of the Act is well illustrated by the dissenting opinion of Judge Clark in Hyde Park Clothes, Inc., v. Hyde Parks Fashions, Inc., 204 F. (2d) 223:

> "Plaintiff-appellant has had the misfortune—so it seems to me—to come before a **panel** of this court

allergic to the doctrine historically associated with us because of its nurture by our most illustrious judges[1] of protecting trade names against competition which will create confusion as to the source of goods sold under such names. The **chance of the assignment calendar** which has so operated against plaintiff might as easily have brought it success, to judge by the three most recent cases on this issue before us, the unanimous decision in each instance—two in fact reversing decisions below—of **another panel** (p. 226). * * * Differences of view on such issues seem to me not unnatural and, while inconvenient, need no apology. I think we ourselves should recognize the existence of such divergence, just as others are doing, e. g., Lunsford, Trade Mark Infringement and Confusion of Source: Need for Supreme Court Action, 35 Va. L. Rev. 214; Pattishall, Trade Marks and the Monopoly Phobia, 50 Mich. L. Rev. 967, and as the opinion below demonstrates by its careful selectivity in choice of precedents. This natural development could be somewhat ameliorated if we adopted the practice I have urged of sitting *en banc* on special occasions, 28 U. S. C. § 46 (c), though obviously it cannot really be controlled **until the Supreme Court decides to exercise its constitutional power in these premises"** (p. 227).

"[1] What is called the 'federal' rule or is 'popularly known as the Hand doctrine' from its original impulse in the Second Circuit, Lunsford, Trade Mark Infringement and Confusion of Source: Need for Supreme Court Action, 35 Va. L. Rev. 214, 217, is discussed in my dissent in S. C. Johnson & Son v. Johnson, 2 Cir., 175 F. 2d 176, 182, n. 7; it is in substance the basis of our decision in Admiral Corp. v. Penco, Inc., 2 Cir., 203 F. 2d 517."

Yet in spite of such undisguised cry for help as above, and in spite of numerous petitions for the writ by both plaintiffs and defendants, this Court has denied the public

the benefit of its interpretation of the Act, except with respect to the jurisdictional provisions thereof which were considered in Steele v. Bulova Watch Co., Inc., supra.

CONCLUSION.

We recognize that this Court must, of necessity, devote its energies to cases which present questions of importance to large segments of the public, but we insist that the trademark questions here presented fall into that category. The importance to the public of having this Court resolve the conflict and confusion about the Trade-Mark Act of 1946 is illustrated by the fact that during the year 1955 the Official Gazette of the United States Patent Office reported the filing under the Act of civil actions on 497 different registrations. That is an extraordinary amount of litigation compelled, we suggest, by the universal discord about what the Act means. This Court could markedly reduce the litigation load on the lower courts by settling the many conflicts. Yet in the nearly ten years since its enactment, this Court has not considered any substantive provision of the Act. We urge the Court to do so now.

Because the doctrine of the present case discriminates, without statutory basis, against the rights of owners of trademarks which consist of uncoined words (but which have acquired secondary meaning)—affecting not only "Western", but numerous other important marks like "Northern", "National", "Federal", "Universal", "Globe", "Sun", "Sunbeam", "Sunshine", "Star", "Jewel", "Majestic", "Monarch", "Admiral", "General", "Standard", "Quaker", "Pioneer", "Acme", "Topmost", "Carnation", "Pet", "Camel", "Arrow", etc.:

Because there has been so much conflict and uncertainty about the proper construction of the Trade-Mark Act of 1946;

And because a decision by this Court settling the conflicts (pointed out herein and in our Petition) would have the salutary effect of reducing litigation under the Act;

We respectfully pray that the Petition herein be reconsidered and granted.

Respectfully submitted,

JOHN H. SUTHERLAND,
PHILIP B. POLSTER,
Counsel for Petitioner.

Certificate.

It is hereby certified that this Petition for Rehearing is presented in good faith and not for delay; and that the Petition is restricted to grounds confined to intervening circumstances believed to be of substantial or controlling effect, and to other substantial grounds not previously presented to this Court.

John H. Sutherland,
Philip B. Polster.

St. Louis, Missouri,
June 1, 1956.